SUPREME COURT, U. S.

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IN THE

Supreme Court of the United States

October Term, 1967.

No. 391.

JOSEPH BANCROFT & SONS CO.,
Petitioner,

v.

SHELLEY KNITTING MILLS, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit.

BRIEF FOR RESPONDENT IN OPPOSITION.

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INDEX.

	Page
Counter-Citations to Opinions Below	2
Counter-Statement of Questions Presented	3
Counter-Statement of the Case	4
Summary of Argument	7
Argument	10
Conclusion	27

CITATIONS.

Cases:	Page
Baird v. Aluminum Seal Co., Inc., 250 F. 2d 595 (3d Cir. 1957)	11, 12
Commerce Oil Refining Corp. v. Miner, 303 F. 2d 125 (1st Cir. 1962)	24, 25
Gumbel v. Pitkin, 124 U. S. 131 (1888)	14, 15
Helene Curtis Industries, Inc. v. Sales Affiliates, Inc., 247 F. 2d 940 (2d Cir. 1957)	8, 9, 21, 25, 26
Joseph Bancroft & Sons Co. v. Shelley Knitting Mills, Inc., 175 F. Supp. 107 (E. D. Pa. 1958)	4
Joseph Bancroft & Sons Co. v. Shelley Knitting Mills, Inc., 268 F. 2d 569 (3d Cir. 1959)	4
Joseph L. Muscarelle, Inc. v. Central Iron Mfg. Co., 328 F. 2d 791 (3d Cir. 1964)	23
Los Angeles Trust Deed & Mortgage Exchange v. SEC, 264 F. 2d 199 (9th Cir. 1959)	20
Marconi Wireless Telegraph Co. v. United States, 320 U. S. 1 (1943)	7, 16, 17
Mayflower Industries v. Thor Corp., 182 F. 2d 800 (3d Cir. 1950)	20
Musgrove v. National Surety Corp., 191 F. Supp. 1 (N. D. Ala. 1961)	27

CITATIONS (Continued).

Page

Pueblo de Taos v. Archuleta, 64 F. 2d 807 (10th Cir. 1933) ... 12, 13
Reid v. Prentice-Hall, Inc., 261 F. 2d 700 (6th Cir. 1958) 13
Shannon v. Retail Clerks, International Protective Association, 128 F. 2d 553 (7th Cir. 1942) 20
Sperry-Rand Corp. v. Rothlein, 288 F. 2d 245 (2d Cir. 1961) 8, 21, 24, 25
Toucey v. New York Life Insurance Co., 314 U. S. 118 (1941) 22
United States v. Powell, 379 U. S. 48 (1964) 14

Constitution of the United States:

Seventh Amendment 18

Statutes:

Judiciary and Judicial Procedure Act of June 25, 1948, Title 28 United States Code:
Sec. 1292(a)(1) (28 U. S. C. § 1292(a)(1) 3, 18
Sec. 2283 (28 U. S. C. § 2283) 3, 8, 9, 22, 23, 25, 26, 27

Court Rules:

Federal Rules of Civil Procedure 30(d) 14
Federal Rules of Civil Procedure 52(b) 7, 8, 17
Federal Rules of Civil Procedure 60(b) 7, 8, 17, 18
Federal Rules of Civil Procedure 65(d) 19, 20

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COUNTER-CITATIONS TO OPINIONS BELOW.

Respondent accepts as essentially correct, petitioner's "Citations to Opinions Below", except that:

1. Petitioner creates the mis-impression, through an incomplete selection of quotations from the "Memorandum, Opinion and Order" entered by the District Court on December 28, 1964, that there had in fact been a previous hearing, at which some evidence had been submitted relevant to respondent's causes of action for conspiracy and malicious abuse of process. Actually, the "Memorandum Opinion and Order" merely states that "in light of the allegations [in the actions commenced by respondent for conspiracy and abuse of process] of the plaintiff [respondent] . . . we deem is legally incumbent upon this [the District] Court to make a full inquiry into the motivation and purpose in the institution of this suit" (Appendix B, p. 2a). Although the lower court purported to direct a "further" hearing for the submission of "additional" evidence, there had never been a hearing for the purpose of submitting evidence relevant to the actions for conspiracy and abuse of process.

2. Petitioner's description of the "Opinion and Judgment" of the Court of Appeals (referred to in paragraph No. 3 of petitioner's "Citations to Opinions Below") fails to mention that the Circuit Court, in vacating the supplemental adjudication, expressly stated that the supplemental adjudication was the basis for the injunction (also vacated) (Appendix B, p. 20a).

COUNTER-STATEMENT OF QUESTIONS PRESENTED.

I. In a federal district court proceeding in which plaintiff asserts causes of action for breach of contract, trademark infringement, and unfair competition, and in which defendant does not assert either by defense or counterclaim causes of action for conspiracy and malicious abuse of process, may the trial judge, two years after adjudicating the merits of plaintiff's causes of action, request evidence and argument on, enter a supplemental adjudication on the merits of, and then enjoin the prosecution of, defendant's causes of action against plaintiff for conspiracy and malicious abuse of process instituted by defendant in a state court?

II. In vacating such an injunction under the "Interlocutory Decisions" statute, 28 U. S. C. § 1292(a)(1), may not the Court of Appeals vacate the District Court's supplemental adjudication on which that injunction was based, and which pertains solely to that injunction and was not relevant to any cause of action asserted in the lower court?

III. Does not 28 U. S. C. § 2283 bar a district court from entering such an injunction, since such injunction is neither expressly authorized by Act of Congress, nor necessary in aid of the district court's jurisdiction or to protect or effectuate its judgment?

COUNTER-STATEMENT OF THE CASE.

For several years prior to petitioner's institution of these federal district court proceedings in 1958, respondent, under license agreement from petitioner, had been manufacturing and distributing sweaters under the trademark "Ban-Lon".

On July 26, 1958, petitioner instituted these proceedings asserting causes of action for breach of contract, trademark infringement and unfair competition (Complaint, R. 8a). Petitioner sought a preliminary injunction to enjoin respondent from using or disposing of goods bearing the "Ban-Lon" trademark, and an accounting for profits made by respondent on goods which did not conform to the license agreement.

On September 11, 1958, a preliminary injunction was granted by the District Court. *Joseph Bancroft & Sons Co. v. Shelley Knitting Mills, Inc.*, 175 F. Supp. 107 (E. D. Pa. 1958).

On July 20, 1959, on appeal, the Third Circuit Court of Appeals reversed that preliminary injunction, because the lower court had abused its discretion. *Joseph Bancroft & Sons Co. v. Shelley Knitting Mills, Inc.*, 268 F. 2d 569 (3d Cir. 1959).

From January to April, 1962, a trial was held, confined to the merits of plaintiff's cause of action. Respondent did not assert by way of defense or counterclaim, any cause of action for conspiracy or malicious abuse of process. Rather, respondent asserted the defenses of estoppel and waiver, and cross-examined and impeached the credibility of petitioner's witnesses in support of those defenses.

On December 27, 1962, the District Court entered an adjudication on the merits of petitioner's causes of action (Adjudication, R. 206a-288a). The adjudication contained 174 findings of fact and 18 conclusions of law, and denied petitioner a permanent injunction. None of those 174

findings of fact or 18 conclusions of law purported to relate to petitioner's motivation in instituting the proceedings, nor did petitioner request the District Court to enter findings of fact or conclusions of law relating to that motivation. The District Court retained jurisdiction pending an accounting to determine the profits, if any, respondent made in selling or disposing of goods which did not conform to the license agreement.

On September 11, 1963, respondent instituted suits in the Pennsylvania state courts. Respondent asserted causes of action against petitioner and others for conspiracy to abuse, and malicious abuse of, process in instituting the instant action which, irrespective of its validity, respondent asserted was instituted not to protect petitioner's trademark, but rather to drive respondent out of business. One of those suits has been removed to the Federal District Court.

On November 1, 1963, petitioner filed with the same District Court Judge who had entered the adjudication containing the 174 findings of fact and 18 conclusions of law, a motion requesting an order enjoining respondent from procsecuting all suits for conspiracy and malicious abuse of process (Motion for Order in Aid of Judgment, R. 289a-294a). Petitioner's motion alleged, *inter alia*, that respondent's causes of action for conspiracy and malicious abuse of process were barred because they should have, but had not, been submitted by respondent as a compulsory counterclaim to petitioner's causes of action.

On December 28, 1964, the District Court entered an order directing a hearing on February 2, 1965, at which the parties could submit "additional" evidence on the issues of conspiracy and malicious abuse of process (Appendix B, pp. 2a-3a). On February 17, 1965, respondent petitioned the District Court to vacate that order. Respondent's petition asserted that the District Court was without jurisdiction to undertake such an inquiry, and advised the Court that respondent would submit no such evidence (Petition to With-

draw Order, R. 344a-347a). At the hearing, no such evidence was submitted by either party.

On September 2, 1965—i.e., almost three years after the original adjudication December 27, 1962 containing the 174 findings of fact and 18 conclusions of law—the District Court Judge entered a supplemental adjudication consisting of an opinion and order (Appendix B, pp. 4a-10a). The order denied respondent's motion to vacate the Court's order of December 28, 1964, contained three additional findings of fact and three additional conclusions of law, and preliminarily enjoined and restrained respondent from prosecuting its causes of action for conspiracy and abuse of process originally brought in the Pennsylvania state court.

Respondent thereupon appealed from the entry of that preliminary injunction to the Third Circuit Court of Appeals, which reversed by order dated March 8, 1967, and vacating the injunction and the supplemental adjudication upon which it was based (Appendix B, pp. 20a-21a). The Circuit Court held that the conspiracy and malicious abuse of process actions instituted by respondent in the state court, constituted "no affront to the dignity or authority of the [District] Court" (Appendix B, p. 18a), and that the District Court Judge had erred in interfering with respondent's separate causes of action brought in the state court. Rehearing was denied (Appendix B, p. 34a).

SUMMARY OF ARGUMENT.

I(a).

No conflict exists between the instant decision of the Circuit Court of Appeals, and any Supreme or Circuit Court decisions. Petitioner's argument is a labored attempt to produce a "conflict" by misinterpreting the instant Circuit Court's holding, and by refusing to recognize the differences between mis*use* of process and *abuse* of process.

The instant Circuit Court decision held that under the particular circumstances of this case, respondent's independent suits for conspiracy and malicious *abuse* of process brought in a state court were irrelevant to the proceedings in the District Court, and that, therefore, it was improper for the District Court to have enjoined them.

The cases cited by the petitioner as in "conflict" with the instant Circuit Court decision hold uniformly that a court has a duty to investigate a charge that its process is being mis*used* (as distinguished from *abused*). A charge of misuse of process, which necessarily carries with it an assertion of lack of probable cause, is relevant to the proper disposition of an action pending before the court. However, a charge of *abuse* of process, which does not carry with it an assertion of lack of probable cause, is irrelevant to the proper disposition of a pending cause of action.

I(b).

No conflict exists between the instant Circuit Court's holding and either the decision of this Court in *Marconi Wireless Telegraph Co. v. United States*, 320 U. S. 1 (1943), or Federal Rules of Civil Procedure 52(b) and 60(b).

Marconi held that a court has the discretion to permit, prior to final judgment, the submission of additional evi-

dence and argument *relevant* to a cause of action before the court. The Circuit Court decision simply held that a court should not adjudicate matters *not relevant* to a cause of action before it.

Rules 52(b) and 60(b) do not even purport to permit a court to adjudicate causes of action not before it. Furthermore, no motion for amendment was made under Rule 52(b), nor was any motion for relief made under Rule 60(b).

I(c).

The Circuit Court was not required to, and thus did not, consider the question of whether the lower court's injunction denied respondent a right to jury trial. Instead, the Circuit Court held that, irrespective of any question of jury trial, the lower court's injunction was improper.

II.

The Opinion of the Circuit Court fully detailed its reasons for vacating the District Court's supplemental adjudication. The supplemental adjudication was irrelevant to the causes of action before, and the prior adjudication entered by, the District Court, and was entered solely for the purpose of supporting a preliminary injunction improperly issued. In vacating that preliminary injunction, the Circuit Court properly vacated that irrelevant supplemental adjudication.

III.

With regard to the application of 28 U. S. C. § 2283, there is no conflict whatever between the instant Circuit Court decision, and either *Sperry-Rand Corp. v. Rothlein*, 288 F. 2d 245 (2d Cir. 1961), or *Helene Curtis Industries, Inc. v. Sales Affiliates, Inc.*, 247 F. 2d 940 (2d Cir. 1957). Unlike the instant case, *Sperry-Rand* involved an attempt by a party to misuse the fruits of a federal court order, while *Helene Curtis* involved the use by a district court of

an injunction to bar another court's relitigating issues already decided. Moreover, *Helene Curtis,* which concerned one federal court's enjoining an action in another federal (not state) court, did not even involve 28 U. S. C. § 2283.

It is clear that the power of a federal court to control its docket by enjoining concurrent litigation which relitigates issues already decided, does not include the power to enjoin separate causes of action not already litigated.

ARGUMENT.

I(a).

Petitioner argues that the instant Circuit Court decision "conflicts" with Supreme and Circuit Court decisions, which latter decisions, so petitioner argues, hold that a court has a duty to determine any allegation of malicious abuse of its process. Petitioner's argument amounts to a labored effort to produce an apparent conflict where none actually exists, and errs clearly in at least two fundamental respects:

First, the instant Circuit Court decision does not hold, as petitioner argues, that *no* court in *any* action should *ever* adjudicate an allegation of abuse of process; and

Second, petitioner fails to distinguish between two basically different causes of action, i.e., malicious *abuse* of process on the one hand with which the instant case is concerned, and malicious *use* of process on the other with which the instant case is not concerned. Those two errors constitute the heart of petitioner's argument, and when their existence is recognized, petitioner's argument falls, and with it vanishes petitioner's "conflict".

First: The Circuit Court did not hold, as petitioner argues, that *no* court in *any* action should *ever* adjudicate an allegation of abuse of process. Rather, the Circuit Court held that even if there were such a power of adjudication, it should not have been exercised in the existing circumstances of this particular case:

> "In our view it is unnecessary to determine whether the court below had power to enjoin Shelley from prosecuting its actions for malicious abuse of process. For even if the power exists, we believe that it should

not have been exercised *in the existing circumstances.* The adjudication of the merits of an action *before the court* ordinarily is the limit of its duty. There may, of course, exist circumstances so unusual in their nature that a court should determine the intention with which the litigation is brought in order to avoid hearing a collusive action or one which does not represent a justiciable controversy. *This, however, is not such a case''* (Appendix B, p. 17a, emphasis supplied).

As the Circuit Court indicated, no cause of action for "malicious abuse of process" was before the District Court. The Circuit Court's underlying reasoning is clear: respondent had not asserted by defense or counterclaim any cause of action for conspiracy or malicious abuse of process, and, as is shown below in the argument on the second of petitioner's errors, the adjudication of the merits of any such cause of action would not be relevant to the adjudication of the merits of petitioner's causes of action.

Second: Petitioner's argument fails to distinguish between two basically different causes of action, i.e., malicious *use* of process on the one hand, and malicious *abuse* of process on the other.

Malicious *use* of process is a cause of action arising out of a prior cause of action prosecuted unsuccessfully with malice, *and* without probable cause. *Baird v. Aluminum Seal Co.*, 250 F. 2d 595 (3d Cir. 1957). Undoubtedly, a court should inquire whether its process is being *used* maliciously. Such an inquiry is necessarily relevant to the proper disposition of plaintiff's cause of action, because, obviously, for a defendant to demonstrate in a pending action that the plaintiff is maliciously *using* the court's process is, necessarily, to demonstrate a lack of probable cause, which demonstrates a lack of merit in plaintiff's action. In short, a court's determination that plaintiff is liable for malicious *use* of process is fundamentally incom-

patible with a determination of the underlying cause of action in favor of that plaintiff.

However, malicious *abuse* of process is a cause of action arising out of a prior cause of action which, even if perfectly valid and successfully prosecuted, was brought for an improper purpose.

> "In actions for malicious abuse of process the original issuance of the process was justified but the process itself was put to an illegal use." *Baird v. Aluminum Seal Co., supra* at page 600.

The existence of a valid cause of action for malicious *abuse* of process, unlike a valid cause of action for malicious *use* of process, is completely compatible with the Court's determination of the underlying cause of action in favor of that plaintiff.

In the instant case, the lower court enjoined the prosecution of irrelevant causes of action for malicious *abuse*—not relevant causes of action for malicious *use*—of process. That is why the Circuit Court reversed.

Petitioner cites four appellate case (and three of them only by way of footnote) in support of its labored argument that a "conflict" exists between the instant Circuit Court decision on the one hand, and other Circuit and Supreme Court decisions on the other. A brief analysis of those four cases shows that they are all consistent with each other and the instant Circuit Court decision:

1. *Pueblo de Taos v. Archuleta,* 64 F. 2d 807 (10th Cir. 1933) holds that a court should determine the intention with which litigation is brought, in order to avoid hearing a collusive action or one which does not present a justiciable controversy. Obviously, whether an action is collusive, or whether a controversy is justiciable, is relevant to determine its merits.

In *Pueblo,* one of several defendants charged:

> ". . . . that the action was brought, not to obtain a judicial determination of the rights of plaintiff, but to

> harass the defendants . . . that the action was collusive in that plaintiff and many [other] defendants agreed that the cause would be kept on the dockets of the court for the purpose of inducing Congress to believe that adversary and interminable litigation would ensue unless Congress appropriated additional sums for both the plaintiff and defendants." *Pueblo de Taos v. Archuleta, supra,* at page 811.

In the light of that charge and of the history of that particular case, the plaintiff's motives for bringing the cause of action bore directly on the validity of the cause of action itself. For a court to hold there is no real controversy between the parties, is to determine the invalidity of plaintiff's cause of action. Indeed, the possible existence of circumstances such as those presented in the *Pueblo* case was expressly recognized by the instant Circuit Court:

> "There may, of course, exist circumstances so unusual in their nature that a court should determine the intention with which the litigation is brought in order to avoid hearing a collusive action or one which does not represent a justiciable controversy. *This, however, is not such a case"* (Appendix B, p. 17a, emphasis supplied).

In short, *Pueblo* holds that a court should determine whether its process is being mis*used*—not whether its process is being *abused.*

2. *Reid v. Prentice-Hall, Inc.,* 261 2d 700 (6th Cir. 1958) is also irrelevant. The "abuse of process" involved in that case actually concerned the failure of a plaintiff, in disobedience of a court order, to complete a settlement in accordance with a valid and binding agreement of settlement and compromise entered into subsequent to the commencement of the action. When the plaintiff refused to complete the settlement, the court ordered plaintiff to do so, upon penalty of a summary dismissal of plaintiff's cause of action. Plaintiff disobeyed the court order, and his

cause of action was dismissed. Obviously, if a party has agreed to settle a cause of action, he may not, in violation of a court order, mis*use* the process of the courts to prosecute that cause of action. The fact that a party has entered into a valid and binding agreement to settle a cause of action is relevant to determine its proper disposition.

3. *United States v. Powell*, 379 U. S. 48 (1964)—the only case cited by petitioner not by way of footnote—involved a Government effort to enforce, by court order, a summons similar to a subpoena, which would have forced a taxpayer to produce books and records. The court indicated that if the taxpayer could affirmatively prove that the summons was being used for purposes of harassment and vexation, the court would not enforce it. However, once again, the purpose for which the summons was sought was obviously relevant to the determination of whether the summons should be enforced. For, if the summons had been brought in bad faith, it should not be enforced. This is expressly recognized in the Federal Rules of Civil Procedure governing discovery proceedings. Discovery (the summons involved in *Powell* is akin to discovery proceedings) will not be allowed if brought in bad faith. Federal Rule of Civil Procedure 30(d). Bad faith is thus a defense to discovery. In short, the question in *Powell* was whether the court's process is being mis*used*—not whether it was being *abused.*

4. The last case cited by petitioner is *Gumbel v. Pitkin*, 124 U. S. 131 (1888). The case is again irrelevant. In *Gumbel*, an intervenor—a state judgment creditor of debtor—asserted the invalidity of a federal marshal's attachment of a debtor's property pursuant to a writ of attachment issued on a Sunday, and that the intervenor's attachment therefore had priority over the federal marshal's attachment. The intervenor was opposed, on grounds that he employed the wrong procedure by intervening in the federal proceedings instead of bringing an independent action in

replevin. The court, in holding in favor of the intervenor, stated that the court has a'

> ". . . duty . . . to prevent its process from being abused to the injury of third persons, and to protect its officers and its own custody of property in their possession so as to defend and preserve its jurisdiction, for no one is allowed to question or disturb that possession except by leave of the court." (*Gumbel v. Pitkin, supra,* at page 145)

Obviously, *Gumbel* has nothing whatsoever to do with the arguments raised by petitioner in the instant petition for certiorari.

The refusal of petitioner to distinguish between the respective basic characteristics of "abuse" and "use" of process and to analyse, in the light of those characteristics, the actual adjudications on which petitioner relies to produce its "conflict", is fatal to petitioner's argument. The Circuit Court, however, was fully aware of those respective differences:

> "Although the action of the court below was expressed in the form of a vindication of the purity of its processes, what is realistically involved constitutes no affront to the dignity or authority of the court, *but involves simply a claim that a right to damages exists against one who improperly employed the right subsisting in a valid cause of action to the damage and injury of his adversary.* Such a claim is entitled to the independent determination which Shelley has invoked, and not to an adjudication subordinated to the merits of the cause of action which Shelley claims is not determinative, even if it is valid, of the suit for malicious abuse of process" (Appendix B, p. 18a, emphasis supplied).

I(b).

Petitioner's next argument also amounts to a labored effort to produce an apparent conflict where nothing ac-

tually exists, this time between the Supreme Court's decision in *Marconi Wireless Telegraph Co. v. United States,* 320 U. S. 1 (1943) on the one hand, and the instant Circuit Court's decision on the other.

Even on its face, no such conflict exists.

Marconi simply holds that with regard to the causes of action before it, a court has the discretion prior to entry of final judgment, to reopen its decision, entertain re-argument on evidence already presented, and allow the presentation of new relevant evidence.

The instant Circuit Court's holding is that the trial judge should not have adjudicated plaintiff's causes of action on their merits, and then reopened the case two years later to enter a supplemental adjudication on defendant's irrelevant causes of action for conspiracy and malicious abuse of process.

Once again, petitioner's argument amounts to a failure to distinguish between the relevant and irrelevant. *Marconi* deals exclusively with a reargument and the presentation of new evidence relevant to a cause of action brought by plaintiff and then pending before that court.

Specifically, in *Marconi,* plaintiff brought an action for infringement of several patents. After the lower court had entered findings adverse to defendant with regard to the infringement of one such patent, but before the entry of final judgment, defendant offered to introduce new evidence bearing on the question of that very infringement. The lower court considered itself powerless to hear this new evidence. On appeal, the Supreme Court held that the lower court had the discretion to decide whether or not to hear the new evidence, and remanded the case to the lower court to permit it to exercise its discretion.

It should be noted that in so remanding, the Supreme Court established guidelines for the lower court's exercise of discretion. One of the guidelines was whether the defendant had previously "failed to make any contention as to validity or construction of" the patent. *Marconi Wireless Telegraph Co. v. United States, supra* at page 48. In other

words, the guideline was to the effect that unless the new evidence defendant now desired to offer was related to evidence previously presented by defendant with regard to plaintiff's cause of action, the lower court need not exercise its discretion in favor of defendant. It is clear from *Marconi,* that the new evidence must be *relevant* to the cause of action asserted in the lower court proceedings.

The instant case differs in at least two basic respects from the *Marconi* case: first, unlike *Marconi,* this defendant (i.e., the petitioner) has *not* requested the court to hear new evidence; and, second and more importantly, unlike *Marconi,* the new evidence the instant lower court sought to hear, was irrelevant to the proceedings before it.

Petitioner next argues the existence of another "conflict", this time between the decision of the Court of Appeals and Federal Rules 52(b) and 60(b). There is no such conflict, if only because neither rule is relevant. Rule 52(b) simply provides that:

> "Upon motion of a party made not later than 10 days after entry of judgment the court may amend its findings or make additional findings and may amend the judgment accordingly."

In the instant case, no such motion was made at all by any party, let alone within ten days after entry of judgment. Moreover, implicit in Rule 52(b) is the requirement that the amendatory action be *relevant* to causes of action before it.

Rule 60(b) provides that "On motion and upon such terms as are just, the court may relieve a party or his legal representative from a final judgment, order, or proceeding" because of mistake, inadvertence, surprise, excusable neglect, newly discovered evidence, fraud, misrepresentation, misconduct, that the judgment is void, or has been satisfied, etc., and "any other reason justifying relief from the operation of the judgment." Once again, no such motion was made by anybody, nor did the court relieve a party or its legal representative from a final judgment, order or

proceeding. And, of course, implicit in Rule 60 (b) is the requirement that any relief granted must be relevant to the causes of action before the court, and certainly not to causes of action not before it. Surely, Rule 60(b) contemplates a situation in which the relief granted by the court would be to the benefit, not prejudice, of the injured party (respondent).

I(c).

Petitioner next argues an important question exists concerning the right to jury trial under the Seventh Amendment of the Constitution. No such question exists. The Circuit Court did not pass upon this question. Rather, the Circuit Court held that, irrespective of any question of jury trial, the lower court's injunction was improper. Petitioner's argument attempts to raise a Constitutional question not now raised by respondent and not passed upon by the Circuit Court.

II.

Petitioner argues the Circuit Court exceeded its jurisdictional limits under 28 U. S. C. § 1292(a)(1), by vacating the lower court's supplemental adjudication on which was based the vacated preliminary injunction.

Petitioner's argument, and its two basic errors, is summed up in one sentence from the Petition:

> "The act [about which petitioner complains] was the [Circuit Court's] vacating, *without comment,* of findings and conclusions *relevant* to the right of petitioner to recover on the merits of the action still pending in the District Court" (Petitioner's Brief, pp. 17-18, emphasis supplied).

Petitioner's first basic error is the assertion that the Circuit Court vacated a supplemental adjudication "without comment." It is true, of course, that the brief document entitled "Judgment" dated March 8, 1967 by which, technically, the supplemental adjudication was vacated, con-

tained virtually no comment (except for the highly significant one that the vacated preliminary injunction was *"based"* on the supplemental adjudication). However, the entire accompanying "Opinion" of the Circuit Court (Appendix B, 11a-19a) amounts to nothing less than an extended and detailed "comment". It is impossible to read the Opinion, and remain in any doubt whatever as to exactly why the Circuit Court was vacating both the preliminary injunction and the supplementary adjudication on which it was based.

Petitioner's second basic error is the assertion that the findings and conclusions of the supplementary adjudication were *"relevant"* to the right of petitioner to recover on the merits of the action still pending in the District Court. Clearly, as already argued extensively herein, those findings and conclusions were *irrelevant.* The record shows that they were irrelevant. Implicit in the Circuit Court's statement that "the adjudication of the merits of an action before the court ordinarily is the limit of its duty" (Appendix B, p. 17a) is the holding that they were irrelevant. From every viewpoint, they were irrelevant.

One cannot possibly review that supplementary adjudication and its genesis, and conclude that its purpose was to implement the prior adjudication entered almost three years earlier. Its sole purpose was to form a basis for enjoining respondent's prosecution of its separate and independent actions for conspiracy and malicious abuse of process. Indeed, as a matter of law, the preliminary injunction would have been improperly issued unless the lower court had entered a supplemental adjudication setting forth the reasons for its issuance. Under Federal Rule of Civil Procedure 65(d):

> "Every order granting an injunction and every restraining order shall set forth the reasons for its issuance. . . ."

It has long been held that Rule 65(d) is mandatory, and that the failure to comply with it, in and of itself, is grounds

for and requires reversal of the granting of a preliminary injunction.[1]

> Petitioner's argument also complains that
> "Had there been no injunctive order as set forth in paragraph 4 of that [the lower court] decision no appeal could have been taken to the Court of Appeals and hence the findings would have stood until an appeal from the final judgment. At that time those findings could have been reviewed by the Court of Appeals against the background of the entire record. Petitioner contends that the record fully supports the findings" (Petitioner's Brief, p. 18).

However, petitioner's argument ignores the abvious fact that if there had been no such injunctive order—i.e., if, as petitioner hypothesizes, respondent were not enjoined from prosecuting its actions for conspiracy and malicious abuse of process—respondent could have afforded to await a review of those findings by the Court on Appeals on appeal from the final judgment. On that appeal, respondent would then have presented the same argument that respondent recently asserted in the instant appeal to the Circuit Court, namely, that the findings were irrelevant. And, presumably, the Circuit Court would have sustained that argument on that appeal, in the same way the Circuit Court recently sustained it.

Unlike petitioner's hypothesis, an injunction *was* issued. And, once it was issued, the entry of a supplemental adjudication became mandatory under Rule 65(d) because, otherwise, the preliminary injunction would have had to be reversed out of hand. The supplemental adjudication was an integral and indispensable part of the action of the lower court in entering the preliminary injunction. In reviewing the propriety of the lower court's order granting the pre-

1. *Mayflower Industries v. Thor Corporation,* 182 F. 2d 800 (3d Cir. 1950); *Los Angeles Trust Deed and Mortgage Exchange v. SEC,* 264 F. 2d 199 (9th Cir. 1959); *Shannon v. Retail Clerks, International Protective Association,* 128 F. 2d 553 (7th Cir. 1942).

liminary injunction, the Circuit Court did so in the light of the findings of fact, conclusions of law and opinion constituting the supplemental adjudication on which that order was based. The preliminary injunction was improperly issued, and therefore should have been vacated. The Circuit Court has the power to vacate a supplemental adjudication entered solely to form a basis for the preliminary injunction.

III.

Petitioner's third argument is another elaborate and artificial attempt to produce a non-existent "conflict", this time between the instant Circuit Court opinion, and *Sperry-Rand Corp. v. Rothlein*, 288 F. 2d 245 (2d Cir. 1961) and *Helene Curtis Industries, Inc. v. Sales Affiliates, Inc.*, 247 F. 2d 940 (2d Cir. 1957). There is no conflict, and any alleged "conflict" is solely the result of petitioner's (1) persisting in its refusal to distinguish between the relevant (malicious use of process) and irrelevant (malicious abuse of process), and (2) lifting out of context the word "policy", and distorting the instant Circuit Court opinion.

(1) The core of petitioner's argument is contained in one sentence in petitioner's brief:

> "In extending that policy so far, the Court of Appeals has precluded the District Court from preventing *re*litigation of *relevant* issues of fact and law *already litigated and decided in this case* against respondent and *re*alleged in the respondent's conspiracy and abuse of process actions." (Petitioner's Brief, p. 20, emphasis supplied).

It would be redundant to demonstrate that which has been amply demonstrated hereinbefore, namely, that the conspiracy and abuse of process actions improperly enjoined by the District Court, were *not* relevant, have *not* been already litigated or decided, and were *not* realleged.

(2) Petitioner has seized upon, and taken out of context, one word in the Circuit Court's opinion, and has constructed on it an extensive and complicated argument. That one word is "policy". According to the petitioner, the instant Circuit Court has extended a "policy" to the point where a federal court should never enjoin a state court proceeding, and has thereby ignored 28 U. S. C. § 2283 in "an attempt to reinstate the law set forth in *Toucey v. New York Life Insurance Co.*, 314 U. S. 118 (1941). The Circuit Court did no such thing; with regard to 28 U. S. C. § 2283, it actually stated that:

> "In holding that the court below should have declined to interfere with the separate actions which Shelley originally brought in the state courts, one of which is still pending there against Bancroft and the individual defendants, we also effectuate the policy which prohibits the federal courts from lightly granting injunctions against proceedings in state courts. This policy is now expressed in 28 U. S. C. § 2283: 'A court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgment.'" (Appendix B, pp. 18a-19a, emphasis supplied).

It is clear that the Circuit Court was simply holding that the District Court's injunction was issued in violation not only of the express language of 28 U. S. C. § 2283, but of its underlying policy as well.

The history of 28 U. S. C. § 2283 is clear. In *Toucey v. New York Life Insurance Co.*, 314 U. S. 118 (1941), the Supreme Court issued a blanket prohibition against federal courts enjoining *re*litigation proceedings in state courts. Thereafter, 28 U. S. C. § 2283 was enacted to provide for the following three exceptions to Toucey's blanket prohibition:

1. "as expressly authorized by Act of Congress, or"

2. "where necessary in aid of its jurisdiction, or"

3. "to protect or effectuate its judgment".

As will be briefly shown, none of those three exceptions is present in the instant case, and the District Court's injunction was therefore barred by 28 U. S. C. § 2283.

1. There is no express authorization by Act of Congress permitting an injunction in the instant situation, nor has petitioner ever claimed one.

2. An injunction is "necessary in aid of its jurisdiction" only where the federal court action "would be impaired or made less effective by the" state court action.

> "If the enjoined state proceeding could not prejudice any otherwise proper disposition of some claim pending in the federal suit, the injunction cannot be in aid of federal jurisdiction." *Joseph L. Muscarelle, Inc. v. Central Iron Mfg. Co.*, 328 F. 2d 791, 794 (3d Cir. 1964).

Clearly, it has been amply demonstrated that the instant state court proceedings could not prejudice an otherwise proper disposition of the claims pending in the instant federal suit. Moreover, the Reviser's Note to § 2283 indicates that the phrase "in aid of its jurisdiction" was added to the statute "to make clear the recognized power of the Federal courts to stay proceedings in State cases removed to the district courts." Respondent has never attempted to proceed further in the state courts on its one action that was removed to the federal court.

3. An injunction cannot be issued "to protect" a court's judgment unless the judgment needs "to be 'protected' from action which would frustrate it, . . ." Nor may it be issued to "effectuate" the court's judgment unless, "in the language of the Reviser's Note, the further

action would mean 'relitigation of actions and controversies fully adjudicated.'" *Commerce Oil Refining Corp. v. Miner,* 303 F. 2d 125, 127 (1st Cir. 1962). As has been repeatedly demonstrated herein, the original adjudication of the District Court would be in no way frustrated by the state court actions, nor would the state court actions retry any issues which had been decided in the original adjudication.

Petitioner contends that the instant Circuit Court decision is in conflict with *Sperry-Rand Corp. v. Rothlein,* 228 F. 2d 245 (2nd Cir. 1961). There is no conflict. In *Sperry-Rand,* the federal court, by enjoining the plaintiff from using in the state court action information plaintiff had obtained through the federal discovery procedures, accomplished two purposes: first, it imposed a limitation on the use of material that, in essence, the federal court had provided; and, second, it maintained the priority of discovery which it had established and insured the orderly completion thereof.

The heart of the decision in *Sperry-Rand* is contained in the following paragraph:

> "Implicit in any schedule of discovery proceedings is the assumption that, absent unusual circumstances, interlocutory relief will not be granted until both parties have an equal opportunity to learn the facts and present their case to the court. It was this aspect of the order that the plaintiff was trying to nullify by proceeding in the state court instead of seeking similar relief in the federal court action. Enjoining this attempt to avoid the thrust of the federal court decree is not prohibited by 28 U. S. C. § 2283." *Sperry-Rand Corp. v. Rothlein, supra,* at page 249.

Sperry-Rand involved, therefore, a deliberate attempt by a party to a federal action to misuse the discovery prority ordered by the federal court to obtain a temporary injunction in a state court on a similar action, although that

priority was established by the federal court with a view to enabling *both* parties to complete discovery before injunctive relief should be granted. Enjoining the plaintiff from misusing this priority was necessary to effectuate *the earlier order* of the federal court relating to the priority of discovery. The *Sperry-Rand* decision rests on this basis, and expressly held that § 2283 could be utilized to effectuate "orders" as well as "judgments".

The instant case is entirely dissimilar. Here, respondent has instituted and is attempting to maintain independent lawsuits asserting independent causes of action which neither affect nor are affected by the instant action, and which may proceed to a conclusion regardless of the independent lawsuits instituted by respondent. There has been no attempt by respondent to use the fruits of any order which the court below intended to restrict to the instant action.

Petitioner also falls into error by citing the case of *Commerce Oil Refining Corp v. Miner, supra,* as a case which considered the *Sperry-Rand* decision as being correct. In *Commerce Oil,* the Third Circuit Court of Appeals vacated an injunction of a federal district court barring a state court action for the same reason that the instant Circuit Court vacated the injunction granted by the instant District Court—namely that "the present case involves neither protection nor effectuation" as required by 28 U. S. C. § 2283. *Commerce Oil Refining Corp. v. Miner, supra* at page 128. The Court in *Commerce Oil* cited the *Sperry-Rand* decision once in its opinion, and that citation was followed by the introductory signal "cf." which means "compare".

Petitioner contends that the instant Circuit Court decision is in conflict with *Helene Curtis Industries, Inc. v. Sales Affiliates, Inc.,* 247 F. 2d 940 (2d Cir. 1957). First, *Helene Curtis* did not even involve an application of 28 U. S. C. § 2283. One will seek in vain for any reference whatever in the entire *Helene Curtis* opinion to 28 U. S. C. § 2283. This is because *Helene Curtis* was concerned with the power

of a federal court to enjoin a suit brought in the *federal* courts of another circuit, and not the power of a federal court to enjoin a suit brought in a *state* court. 28 U. S. C. § 2283, by its terms, applies only and expressly to the enjoining of state court suits. Obviously there could be no possible conflict between the instant Circuit Court opinion and the *Helene Curtis* opinion.

Furthermore, the factual circumstances in the *Helene Curtis* case have no resemblence whatever to the factual circumstances in the instant case. This is how Circuit Judge Lumbard described the question presented on that appeal:

> "The question for decision is this: Where one federal court after protracted and expensive litigation, has *already decided* that a patent is invalid and has enjoined the defendant-patentee from suing thereon, may that court issue a supplemental injunction enjoining that patentee from suing customers of the plaintiffs under the cloak of another corporate shell in another circuit of our federal judicial system for infringement of a later-issued patent, which is invalid for substantially the same reasons as the earlier patent? We think the answer should be in the affirmative. On principle and logic, and on those precedents which look toward a sensible, flexible and expeditious administration of justice, we hold that the District Court has the power to enjoin the defendant's attempt to relitigate *already-tried* issues." 247 F. 2d at page 942 (emphasis supplied).

Obviously, in *Helene Curtis,* unless a supplemental injunction were issued, the earlier injunction would have been rendered ineffectual. As *Helene Curtis* held, ". . . the District Court has the power to enjoin the defendant's attempt to relitigate already-tried issues." 247 F. 2d at page 942. In the instant case, there is no attempt to relitigate any already tried issues. Petitioner's argument fails to distinguish between the relevant and the irrelevant.

Another of petitioner's arguments is that one of the abuse of process actions has been removed and is presently pending before the same District Court which issued the injunction, and that, therefore, no question of 28 U. S. C. § 2283 is involved with regard that action. Petitioner argues that what is really involved is the inherent power of the District Court to control the cases on its docket. Once again, petitioner cloaks its argument in terms of preventing "concurrent litigation involving the same facts and the same issues which are presently before it." Such litigation is, however, not involved in this case.

It is a fundamental principle that "an injunction will not ordinarily be granted in one action to enjoin proceedings in the same Court in another action, whether at law or in equity." *Musgrove v. National Surety Corp.*, 191 F. Supp. 1, 3 (D. Ala. 1961). The reason for this principle is obvious. If the prior action does constitute a bar to the subsequent action, there is no reason why such a bar cannot be pleaded as a defense in the subsequent action. There is neither reason nor basis for an extraordinary remedy such as that of injunction.

CONCLUSION.

Every one of petitioner's reasons for seeking a writ of certiorari, amounts to a variation of the same theme, and that theme involves the repeated striking of a wrong note—the repeated failure of petitioner to distinguish between the relevant and the irrelevant.

For the foregoing reasons, the petition for writ of certiorari should be denied.

Respectfully submitted,

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